

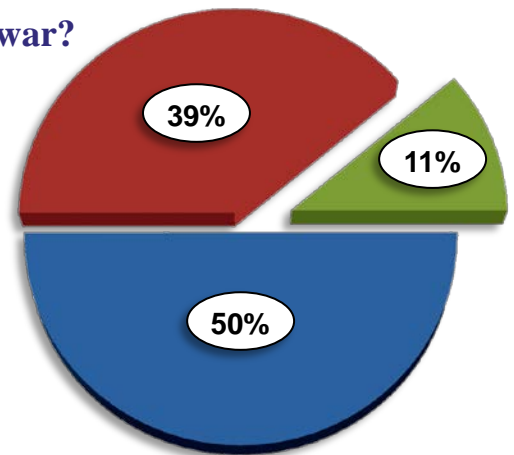


## A/R Management – Deal with it...the Details

### While fighting financial battles, could we be losing the war?

Throughout 2013, **18 acute-care hospitals closed their doors**, and there are many others that could follow suit this year. The reasons for closing varied: 11% closed as a result of “**Corporate Restructuring**”, 39% due to **Legal Actions**, but the majority, 50%, closed because of “**Financial Pressures**” (generally blamed on **mismanagement** and “**bad billing practices**”).<sup>1</sup>

Many of the hospitals were located in areas that have struggled economically, and as a bitter irony, the loss of a hospital usually weakens the economy of an area even *further*...jobs disappear and hopes for economic development fade.”<sup>2</sup>



2013 Hospital Closings



AMA estimates show that as much as **9% to 19%** of your Managed Care Revenue could be **missing from your bottom line.**

“A significant percentage of a hospital’s net revenue may be left ‘on the table’ each year due to **revenue cycle inefficiencies** primarily related to **payment discrepancies** and **ineffective denial management**, not to mention the soaring **costs associated with re-work** resulting from suboptimal processes. The cost of re-work alone is estimated to be as much as **20%** of overall Revenue Cycle operating costs.”<sup>3</sup>

**FYI:** “The Medical Group Management Association found that **better-performing medical groups average just a 4% claims denial rate.**”<sup>4</sup>

Unfortunately, to complicate matters, many hospitals are struggling to keep up with the rapid pace of regulatory requirements, fallout from a prolonged economic recovery, and outdated processes and technology. The need to optimize revenue cycle operational performance has never been more urgent.”<sup>3</sup>

Getting claims out the door is only the **beginning** of the Accounts Receivable process. Unpaid claims as well as unbilled secondaries must be **monitored** and **followed-up** in order to maintain a steady flow of cash, bring Days in A/R down, and ideally increase cash flow.

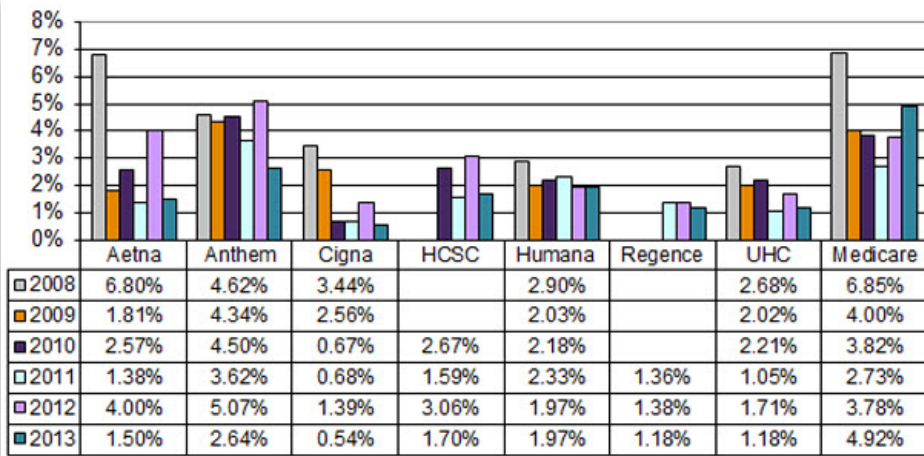
“One **mistake** can result in **delayed payment** or **denial**, and if this process is not effectively managed, it can have a drastic impact on your organization.” And...“Every minute spent on paperwork is a minute away from patient care.”<sup>3</sup>

As Medicare auditors have increased their workloads in recent years, doctors and hospitals are appealing more decisions that deny claims for beneficiary services. In 2012, Medicare processed more than 1.2 billion claims and **denied nearly 140 million** of them. During that time, there were **1.5 million attempts to overturn the denials.**<sup>5</sup>



“Payers are not in the game of paying. They are in the game of **NOT** paying.”

Donald J. Tapella, CEO, Medical Recovery Services



The chart, produced by the AMA, indicates the percentage of claim lines denied by payers for reasons other than a claim edit. In this case, a denial is defined as the allowed amount equal to the billed charge and the payment equals \$0.<sup>6</sup>

### What is your denial rate? Is it above four percent?

If it *is* above 4%, it could be that manual errors, input oversights and timing issues are causing more denials than you realize.<sup>4</sup> “One of the first steps taught in first-aid classes is to ‘**stop the bleeding.**’ That is just as important in restoring the financial health of your business. The sooner problems are solved, the sooner the loss of revenue can stop.”<sup>3</sup>



### Medical Recovery Services may be the very solution for which you are searching.

Considering the financial challenges presented by Government funding cuts, Medicare and Medicaid inadequacies, bad debt write-offs and decreasing inpatient volume, it’s absolutely essential to **maximize reimbursement revenues** and **minimize the waiting period** before they are received.



Medical Recovery Services has developed programs and strategies that can be adapted to complement your hospital’s specific and unique circumstances.

We can assist you either by supplementing your existing efforts on a **short-term project** basis or through **long-term commitments**. And we can confidently predict that you will experience a significant **increase** in your **rate of compensation**, and **decrease in your days in A/R**.

For additional information, or to contact Medical Recovery Services, go to:

<http://medical-recovery-services.crushpath.me/DonaldTapella/version3>

or call Donald Tapella at (816) 229-4887, ext.111

1. Becker’s Hospital Review; 18 Hospitals That Closed in 2013 by Bob Herman January 02, 2014 <http://www.beckershospitalreview.com/leadership-management/hospitals-that-closed-in-2013.html>
2. Hospital closings devastate rural counties in Georgia, by Andy Miller, Albany Herald, November 15, 2013 <http://www.albanyherald.com/news/2013/nov/17/hospital-closings-devastate-rural-counties-in/>
3. November 2012 issue of Revenue Cycle Strategist. Copyright 2012 by Healthcare Financial Management Association, Steve Huddleston [http://parallon.com/sites/default/files/Parallon%20Creating%20a%20Healthy%20Revenue%20Cycle%202012\\_0.pdf](http://parallon.com/sites/default/files/Parallon%20Creating%20a%20Healthy%20Revenue%20Cycle%202012_0.pdf)
4. The 5 Most Common Mistakes Causing Claim Denials by Madelyn Young <http://www.poweryourpractice.com/revenue-cycle-management/the-5-most-common-mistakes-that-cause-claim-denials>
5. Physicians Alarmed by High Rate of Medicare Claims Denied in Error by Charles Fiegl, Family Practice News Digital Network <http://www.familypracticenews.com/news/practice-trends/single-article/physicians-alarmed-by-high-rate-of-medicare-claims-denied-in-error/168bc4c7d2d390e03174134e6cae0c0a.html>
6. <http://www.ama-assn.org/ama/pub/advocacy/topics/administrative-simplification-initiatives/national-health-insurer-report-card/denials.page>